

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 21, 2010

100640286

JOINT PETITION OF

QWEST COMMUNICATIONS
INTERNATIONAL, INC.; QWEST
COMMUNICATIONS CORPORATION
OF VIRGINIA, INC.; CENTRAL
TELEPHONE COMPANY OF VIRGINIA
D/B/A CENTURYLINK; UNITED TELEPHONE
SOUTHEAST LLC D/B/A CENTURYLINK;
CENTURYTEL LONG DISTANCE, LLC
D/B/A CENTURYLINK;

2010 JUN 21 P 2:34
CASE NO. PUC-2010-00023

and

CENTURYLINK, INC.

For approval of the indirect transfer of control
of Qwest Communications Corporation of Virginia, Inc.;
Central Telephone Company of Virginia d/b/a CenturyLink;
United Telephone Southeast LLC d/b/a CenturyLink; and
CenturyTel Long Distance, LLC d/b/a CenturyLink

ORDER FOR NOTICE AND COMMENT

On May 25, 2010, pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"),¹
Qwest Communications International, Inc. ("Qwest"), Qwest Communications Corporation of
Virginia, Inc. ("Qwest Virginia"), CenturyLink, Inc. ("CenturyLink"), Central Telephone
Company of Virginia d/b/a Century Link ("Centel Virginia"), United Telephone Southeast LLC
d/b/a Century Link ("United Southeast"), and CenturyTel Long Distance, LLC d/b/a Century
Link ("CenturyTel Long Distance") (collectively, "Petitioners" or "Joint Petitioners"), filed with
the State Corporation Commission ("Commission") a Joint Petition seeking approval of the

¹ Va. Code §§ 56-88 *et seq.*

indirect transfer of control of Qwest Virginia, Centel Virginia, United Southeast, and CenturyTel Long Distance.

Qwest, CenturyLink, and SB44 Acquisition Company² entered into an Agreement and Plan of Merger ("Agreement") on April 21, 2010. Under the terms of the Agreement, SB44 Acquisition Company and Qwest will merge, after which Qwest will be the surviving entity, and the separate corporate existence of SB44 Acquisition Company will cease. Also per the terms of the Agreement, after the merger has been effectuated, Qwest will become a wholly owned, first tier subsidiary of CenturyLink (hereinafter, "proposed transaction" or "proposed merger").³

The proposed transaction is a combination of Qwest and CenturyLink only and, therefore, it is not a transaction in which operating companies or assets would be sold, combined, or transferred to a new provider. Moreover, this proposed transaction would require no new debt or refinancing but instead would be a tax-free, stock-for-stock transaction. Upon closing, the shareholders of pre-merger CenturyLink would own about 50.5% of post-merger CenturyLink and the shareholders of pre-merger Qwest would own approximately 49.5% of post-merger CenturyLink.⁴

To effectuate the proposed transaction, the Petitioners, in part, have filed a Joint Petition with this Commission seeking approval of the indirect transfer of control of Qwest's operating subsidiary, Qwest Virginia, to Century Link. The proposed transaction, if approved, would also result in the indirect transfer of minority control of CenturyLink's Virginia operating subsidiaries to Qwest's shareholders. The Petitioners are therefore also seeking approval in their Joint

² SB44 Acquisition Company is a direct, wholly owned subsidiary of CenturyLink that was created to effectuate the proposed Agreement and Plan of Merger.

³ Joint Petition at 3-4.

⁴ *Id.* at 4-5.

Petition before this Commission for the indirect transfer of control of CenturyLink's wholly owned Virginia operating subsidiaries, United Southeast, Centel Virginia, and CenturyTel Long Distance.⁵

The Petitioners state in their Joint Petition that Qwest Virginia, United Southeast, Centel Virginia, and CenturyTel Long Distance will continue to operate as separate certificated carriers and each will continue to have the requisite managerial, technical, and financial capability to provide services to their respective customers in Virginia. Moreover, the Petitioners state that upon approval of this Joint Petition and completion of the proposed merger, customers would "continue to receive service from the same carrier, at the same rates, terms and conditions, and under the same tariffs, price plans, interconnection agreements, and other regulatory obligations" as immediately prior to approval of this Joint Petition and completion of the proposed merger. In addition, nothing in the proposed transaction would alter or change the jurisdiction of the Commission over Qwest Virginia, Centel Virginia, United Southeast, or CenturyTel Long Distance.⁶

NOW UPON CONSIDERATION of the Joint Petition, the Commission is of the opinion and finds that the Joint Petition should be docketed; that the Petitioners should give notice to the public of their Joint Petition; that interested persons should have an opportunity to comment and request a hearing on the Joint Petition; and that the Commission Staff should conduct an

⁵ CenturyTel Long Distance is not currently certificated in the Commonwealth to provide facilities-based and resold competitive local exchange and interexchange services in Virginia. However, CenturyTel Long Distance is included in the Joint Petition because it may become certificated during the time the Joint Petition is pending before the Commission. CenturyTel Long Distance anticipates filing an application for certification to provide facilities-based and resold competitive local exchange and interexchange services in the Commonwealth of Virginia in the near future. *Id.* at 7.

⁶ *Id.* at 5.

investigation into the reasonableness of the Joint Petition and present its findings in a Staff Report.

The Joint Petitioners are seeking approval of a transfer of control pursuant to § 56-88.1 of the Code. Section 56-88.1 of the Code states that the Commission must "approve or disapprove the requested acquisition or disposition within sixty days. The sixty-day period may be extended by Commission order for a period not to exceed an additional 120 days." Given the complexity of this Joint Petition, the Commission finds that its review period to approve or disapprove the Joint Petition should be extended for an additional ninety (90) days. The Commission expects to rule on the Joint Petition expeditiously but finds that additional time is necessary to review the transaction, to provide the appropriate notice, and to afford interested persons an opportunity to file comments or request a hearing.

Accordingly, IT IS ORDERED THAT:

- (1) This case is docketed and assigned Case No. PUC-2010-00023.
- (2) The review period for this docket shall be extended for an additional ninety (90) days, pursuant to § 56-88.1 of the Code.
- (3) As provided by § 12.1-31 of the Code and by 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, a hearing examiner shall be appointed to rule on any discovery matters that may arise during the course of this proceeding.
- (4) Copies of the Joint Petition may be obtained by submitting a written request to counsel for the Joint Petitioners: Eric M. Page, Esquire, LeClair Ryan, Riverfront Plaza, East Tower, 951 East Byrd Street, Eighth Floor, Richmond, Virginia 23219. The Petitioners shall respond promptly to requests from interested persons for copies of the Joint Petition and shall provide one (1) copy free of charge. If acceptable to the requesting party, the Joint Petitioners

may provide the Joint Petition by electronic means. Copies of the Joint Petition, as well as a copy of this Order for Notice and Comment, also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may also download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(5) On or before July 7, 2010, the Joint Petitioners shall complete publication of the following notice to be published on one (1) occasion as display advertising, not classified, in newspapers having general circulation throughout the Petitioners' Virginia service territory:

NOTICE TO THE PUBLIC OF A JOINT PETITION
BY QWEST COMMUNICATIONS INTERNATIONAL, INC.;
QWEST COMMUNICATIONS CORPORATION OF VIRGINIA,
INC.; CENTRAL TELEPHONE COMPANY OF VIRGINIA
D/B/A CENTURYLINK; UNITED TELEPHONE SOUTHEAST
LLC D/B/A CENTURYLINK; CENTURYTEL LONG
DISTANCE, LLC D/B/A CENTURYLINK; AND
CENTURYLINK, INC.; FOR APPROVAL OF THE INDIRECT
TRANSFER OF CONTROL OF QWEST COMMUNICATIONS
CORPORATION OF VIRGINIA, INC.; CENTRAL
TELEPHONE COMPANY OF VIRGINIA D/B/A
CENTURYLINK; UNITED TELEPHONE SOUTHEAST LLC
D/B/A CENTURYLINK; AND CENTURYTEL LONG
DISTANCE, LLC D/B/A CENTURYLINK
CASE NO. PUC-2010-00023

On May 25, 2010, pursuant to Chapter 5 of Title 56 of the Code of Virginia ("Code"), Qwest Communications International, Inc. ("Qwest"), Qwest Communications Corporation of Virginia, Inc. ("Qwest Virginia"), CenturyLink, Inc. ("CenturyLink"), Central Telephone Company of Virginia d/b/a Century Link ("Centel Virginia"), United Telephone Southeast LLC d/b/a Century Link ("United Southeast"), and CenturyTel Long Distance, LLC d/b/a Century Link ("CenturyTel Long Distance") (collectively, "Petitioners" or "Joint Petitioners"), filed with the State Corporation Commission ("Commission") a Joint Petition seeking approval of the indirect transfer of control of Qwest

Virginia, Centel Virginia, United Southeast, and CenturyTel Long Distance.

Qwest, CenturyLink, and SB44 Acquisition Company entered into an Agreement and Plan of Merger on April 21, 2010. Under the terms of the Agreement and Plan of Merger, SB44 Acquisition Company and Qwest will merge, after which Qwest will be the surviving entity and the separate corporate existence of SB44 Acquisition Company will cease. Qwest will then become a wholly owned, first tier subsidiary of CenturyLink. The proposed transaction would require no new debt or refinancing, but instead would be a tax-free, stock-for-stock transaction.

To effectuate the proposed transaction, the Petitioners, in part, have filed a Joint Petition with this Commission seeking approval of the indirect transfer of control of Qwest's operating subsidiary, Qwest Virginia, to Century Link. The Petitioners are also seeking approval of the indirect transfer of control of CenturyLink's wholly owned Virginia operating subsidiaries, United Southeast, Centel Virginia, and CenturyTel Long Distance.

The Petitioners state that Qwest Virginia, United Southeast, Centel Virginia, and CenturyTel Long Distance will continue to operate as separate certificated carriers and each will continue to have the requisite managerial, technical, and financial capability to provide services to their respective customers in Virginia. Moreover, the Petitioners state that upon approval of this Joint Petition and completion of the proposed merger, customers would "continue to receive service from the same carrier, at the same rates, terms and conditions, and under the same tariffs, price plans, interconnection agreements, and other regulatory obligations" as immediately prior to approval of this Joint Petition and completion of the proposed merger.

Copies of the Joint Petition may be obtained by submitting a written request to counsel for the Joint Petitioners: Eric M. Page, Esquire, LeClair Ryan, Riverfront Plaza, East Tower, 951 East Byrd Street, Eighth Floor, Richmond, Virginia 23219. The Petitioners shall respond promptly to requests from interested persons for copies of the Joint Petition and shall provide one copy free of charge. If acceptable to the requesting party, the Joint Petitioners may provide the Joint Petition by electronic means. Copies of the Joint Petition, as well as a copy of this Order for Notice and Comment, also shall be available for interested persons to review in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street,

Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday. Interested persons may also download unofficial copies from the Commission's website:
<http://www.scc.virginia.gov/case>.

On or before August 6, 2010, any interested person may file written comments on the application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with written comments. Interested persons desiring to submit comments electronically may do so on or before August 6, 2010, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUC-2010-00023.

On or before August 6, 2010, any interested party may participate as a respondent by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set forth above, and by simultaneously serving a copy of the notice of participation upon counsel for the Joint Petitioners: Eric M. Page, Esquire, LeClair Ryan, Riverfront Plaza, East Tower, 951 East Byrd Street, Eighth Floor, Richmond, Virginia 23219. In the alternative, the notice may be filed electronically with the Clerk of the Commission as provided by 5 VAC 5-20-140 of the State Corporation Commission's Rules of Practice and Procedure ("Rules of Practice"). Pursuant to 5 VAC 5-20-80 B of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30 of the Rules of Practice. All correspondence shall refer to Case No. PUC-2010-00023.

On or before August 6, 2010, any person wishing to request a hearing on this Joint Petition shall file an original and fifteen (15) copies of its request for hearing in writing with the Clerk of the Commission at the address set forth above. Written requests for hearing shall refer to Case No. PUC-2010-00023 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in the matter. A

copy shall also simultaneously be served on counsel for the Joint Petitioners at the address listed above.

QWEST COMMUNICATIONS INTERNATIONAL, INC., QWEST COMMUNICATIONS CORPORATION OF VIRGINIA, INC., CENTRAL TELEPHONE COMPANY OF VIRGINIA D/B/A CENTURYLINK, UNITED TELEPHONE SOUTHEAST LLC D/B/A CENTURYLINK, CENTURYTEL LONG DISTANCE, LLC
D/B/A CENTURYLINK, AND CENTURYLINK, INC.

(6) On or before August 6, 2010, the Petitioners shall file with the Clerk of the Commission proof of notice and proof of service as ordered in Ordering Paragraph (5) herein.

(7) On or before August 6, 2010, any interested person may file written comments on the application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with written comments. Interested persons desiring to submit comments electronically may do so on or before August 6, 2010, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. All comments shall refer to Case No. PUC-2010-00023.

(8) On or before August 6, 2010, any interested party may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and by simultaneously serving a copy of the notice of participation upon counsel for the Joint Petitioners: Eric M. Page, Esquire, LeClair Ryan, Riverfront Plaza, East Tower, 951 East Byrd Street, Eighth Floor, Richmond, Virginia 23219. In the alternative, the notice may be filed electronically with the Clerk of the Commission as provided by 5 VAC 5-20-140 of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Pursuant to 5 VAC 5-20-80 B of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the

specific action sought to the extent then known; and (iii) the factual and legal basis for the action. The notice of participation shall be filed and served as required by Rules 5 VAC 5-20-140 and 5 VAC 5-20-150 of the Rules of Practice. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by Rule 5 VAC 5-20-30 of the Rules of Practice. All correspondence shall refer to Case No. PUC-2010-00023.

(9) On or before August 6, 2010, any person wishing to request a hearing on this Joint Petition shall file an original and fifteen (15) copies of its request for hearing in writing with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Written requests for hearing shall refer to Case No. PUC-2010-00023 and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in the matter. A copy shall also simultaneously be served on counsel for the Joint Petitioners: Eric M. Page, Esquire, LeClair Ryan, Riverfront Plaza, East Tower, 951 East Byrd Street, Eighth Floor, Richmond, Virginia 23219.

(10) The Commission Staff shall analyze the reasonableness of the Joint Petition and present its findings in a Staff Report to be filed on or before September 3, 2010.

(11) On or before September 17, 2010, the Petitioners shall file with the Clerk of the Commission an original and fifteen (15) copies of any responses to the Staff Report or to comments or requests for hearing filed with the Commission. A copy of the response shall be delivered by overnight delivery to Staff and any other persons who filed comments, notices of participation, or requests for hearing.

(12) The Joint Petitioners shall respond to written interrogatories or data requests within seven (7) days after the receipt of the same. Persons who filed requests for hearing shall, promptly upon request, provide to the Petitioners, the Commission Staff, and any other persons who filed requests for hearing any workpapers or documents used in preparation of their requests for hearing. Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(13) This matter is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Eric M. Page, Esquire, LeClair Ryan, Riverfront Plaza, East Tower, 951 East Byrd Street, Eighth Floor, Richmond, Virginia 23219; Jeanne Stockman, Regulatory Attorney, CenturyLink, 14111 Capital Blvd., Wake Forest, North Carolina, 27587; Douglas Hsiao, Corporate Counsel, Qwest Law Department, 1801 California Street, Denver, Colorado 80202; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Communications, Public Utility Accounting, and Economics and Finance.